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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

SECURITIES AND EXCHANGE COMMISSION, PLAINTIFF, VS. NANCY R. HEINEN AND FRED D. ANDERSON, DEFENDANTS.	CASE NO.: C-07-2214-JF ANSWER OF DEFENDANT NANCY R. HEINEN TO PLAINTIFF'S AMENDED COMPLAINT DEMAND FOR JURY TRIAL JUDGE: HON. JEREMY FOGEL COURTROOM: NO. 3, 5TH FLOOR

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Defendant Nancy R. Heinen, through her undersigned counsel and without waiving any rights afforded to her under the Fifth Amendment to the United States Constitution, answers the Amended Complaint (hereafter "Complaint") in the above-captioned matter as follows:

1. Ms. Heinen denies the allegations in Paragraph 1 of the Complaint.

2. The first sentence of Paragraph 2 of the Complaint states legal conclusions as to which no response is required; to the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these allegations and on that basis denies them. Ms. Heinen denies the allegations contained in each of the remaining sentences of Paragraph 2 of the Complaint.

3. Ms. Heinen denies the allegations in Paragraph 3 of the Complaint.

4. The first sentence of Paragraph 4 of the Complaint states a legal conclusion as to which no response is required; to the extent a response is deemed necessary, Ms. Heinen denies the allegations in the first sentence of Paragraph 4. The second sentence of Paragraph 4 lists a prayer for relief as to which no response is required; to the extent a response is deemed necessary, Ms. Heinen denies that the plaintiff is entitled to the relief sought in Paragraph 4 of the Complaint.

JURISDICTION AND VENUE

5. Paragraph 5 of the Complaint states legal conclusions as to which no response is required.

6. Paragraph 6 of the Complaint states legal conclusions as to which no response is required. Ms. Heinen denies the allegations directed to her in the second sentence of Paragraph 6 of the Complaint.

7. The first sentence of Paragraph 7 of the Complaint states legal conclusions as to which no response is required. Ms. Heinen denies the allegations contained in the second sentence of Paragraph 7, except insofar as she admits that she resides in this district, and admits, upon information and belief, that Mr. Anderson also resides in this district.

INTRADISTRICT ASSIGNMENT

8. Paragraph 8 of the Complaint states legal conclusions as to which no response is required.

DEFENDANTS

9. Ms. Heinen admits the allegations contained in the first, second, fourth, and fifth sentences of Paragraph 9 of the Complaint. Ms. Heinen further admits that, as part of her employment with Apple, she had responsibility for, among other things, overseeing Apple's legal group and its various corporate functions. Except as expressly admitted, Ms. Heinen denies the remaining allegations in Paragraph 9 of the Complaint.

10. The allegations contained in Paragraph 10 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen admits, upon information and belief, that Fred D. Anderson served as Apple's Chief Financial Officer and then subsequently served as a director on Apple's Board of Directors until his resignation from the Board in September 2006.

RELEVANT ENTITY

11. Ms. Heinen denies the allegation in the first sentence of Paragraph 11 of the Complaint to the extent that it states that Apple is a Delaware corporation. Ms. Heinen admits that Apple is headquartered in Cupertino, California, and located in Santa Clara County. Upon information and belief, Ms. Heinen admits the allegations contained in both the second and third sentences of Paragraph 11 of the Complaint.

FACTUAL ALLEGATIONS

12. Ms. Heinen admits that during the late 1990s and early 2000s, Apple, like many other companies, made use of employee stock options as a form of compensation to recruit, retain, and incentivize many of its employees. As to the terms defined in the last four sentences of Paragraph 12 of the Complaint, Ms. Heinen admits that these words are sometimes used with the meanings ascribed to them. Except as expressly admitted, Ms. Heinen denies the remaining allegations in Paragraph 12 of the Complaint.

13. Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 13 of the Complaint, and on that basis denies them.

14. Ms. Heinen admits that Apple filed annual reports with the Securities and Exchange Commission that included audited financial statements certified by the Company's outside auditors. These reports speak for themselves, and Ms. Heinen refers Plaintiff and the Court to these documents for their contents. Except as expressly admitted, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations in Paragraph 14 of the Complaint, and on that basis denies them.

15. Ms. Heinen admits that, in early 2001, Apple's Board granted a total of 4.8 million stock options to six members of its Executive Team, including one million options to Fred Anderson and 400,000 options to Ms. Heinen. Except as expressly admitted, Ms. Heinen denies the remaining allegations directed to her in Paragraph 15 of the Complaint. The last sentence of Paragraph 15 contains allegations that are directed to a party other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations in the last sentence of Paragraph 15, and on that basis denies them.

16. Ms. Heinen admits, upon information and belief, that in late 2000, members of Apple's Board had been considering granting options to certain members of Apple's Executive Team. Ms. Heinen admits that, on January 30, 2001, she sent an email to Chief Executive Officer Steve Jobs containing a list of market closing prices for Apple's common stock during January 2001. Except as expressly admitted, Ms. Heinen denies the remaining allegations contained in Paragraph 16 of the Complaint.

17. Ms. Heinen admits that on January 30, 2001, she wrote an email to Chief Executive Officer Steve Jobs containing the words quoted in Paragraph 17 of the Complaint. Those words are quoted selectively and out of context.

18. Ms. Heinen admits that, on January 31, 2001, she sent an email to then-Chief Financial Officer Fred Anderson that contained the same list of January market closing prices for Apple's common stock. Ms. Heinen further admits the allegations contained in the second and third sentences of Paragraph 18 of the Complaint. Except as expressly admitted, Ms. Heinen denies each of the allegations directed to her in Paragraph 18 of the Complaint.

19. Ms. Heinen denies that she prepared, or directed anyone else to prepare, false paperwork for submission to Apple's Board of Directors. Ms. Heinen also denies that she was the person who selected the grant date or exercise price for the Executive Team grant. Except as expressly denied, Ms. Heinen admits the allegations in the first and third sentences of Paragraph 19 of the Complaint. Ms. Heinen denies all remaining allegations directed to her in Paragraph 19 of the Complaint.

20. Ms. Heinen denies the allegations contained in Paragraph 20 of the Complaint.

21. Ms. Heinen denies the allegations contained in the first sentence of Paragraph 21 of the Complaint. Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in Paragraph 21 of the Complaint, and on that basis denies them.

22. Ms. Heinen admits that, as a public company, Apple filed with the Securities and Exchange Commission annual reports that included audited financial statements, certified by the Company's outside auditors, KPMG. These documents speak for themselves, and Ms. Heinen refers the Plaintiff and the Court to the documents for their contents. Except as expressly admitted, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in Paragraph 22 of the Complaint, and on that basis denies them.

23. The allegations contained in Paragraph 23 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or

information to form a belief as to the truth of the allegations contained in Paragraph 23 of the Complaint, and on that basis denies them.

24. Ms. Heinen denies the allegations directed to her in Paragraph 24 of the Complaint. The remaining allegations contained in Paragraph 24 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 24 of the Complaint, and on that basis denies them.

25. Ms. Heinen admits that Apple filed proxy statements with the Securities and Exchange Commission for fiscal years 2001 and 2002, and that these documents were filed, respectively, on March 21, 2002 and March 24, 2003. Except as expressly admitted, Ms. Heinen denies all of the remaining allegations directed to her in Paragraph 25 of the Complaint. To the extent the allegations are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations contained in Paragraph 25 of the Complaint, and on that basis denies them.

26. Ms. Heinen denies the allegations directed to her in Paragraph 26 of the Complaint. The remaining allegations contained in Paragraph 26 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 26 of the Complaint, and on that basis denies them.

27. The allegations contained in Paragraph 27 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 26 of the Complaint, and on that basis denies them.

28. Ms. Heinen denies the allegations directed to her in Paragraph 28 of the Complaint. The remaining allegations contained in Paragraph 28 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 28 of the Complaint, and on that basis denies them.

29. Ms. Heinen denies the allegations in Paragraph 29 of the Complaint.

30. The allegations contained in Paragraph 30 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 30 of the Complaint, and on that basis denies them.

31. Ms. Heinen admits that she exercised and sold the 400,000 options she received as part of the 2001 Executive Team grant. Except as expressly admitted, Ms. Heinen denies the allegations directed to her in Paragraph 31 of the Complaint. The remaining allegations contained in Paragraph 31 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 31 of the Complaint, and on that basis denies them.

32. Ms. Heinen denies the allegations in Paragraph 32 of the Complaint.

33. Ms. Heinen denies the allegations directed to her in Paragraph 33 of the Complaint. The remaining allegations contained in Paragraph 33 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 33 of the Complaint, and on that basis denies them.

34. The allegations contained in Paragraph 34 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 34 of the Complaint, and on that basis denies them.

35. Ms. Heinen admits, upon information and belief, that on August 29, 2001, Apple's Board approved a stock option grant to CEO Steve Jobs for the purchase of 7.5 million shares of Apple's common stock. Except as expressly admitted, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in Paragraph 35 of the Complaint, and on that basis denies them.

36. Ms. Heinen admits that she was present for at least a portion of the discussions among members of Apple's Compensation Committee on the following dates: October 16, 2001, October 19, 2001, November 19, 2001, and November 20, 2001. Except as expressly admitted, Ms. Heinen denies the remaining allegations directed to her in Paragraph 36 of the Complaint. The remaining allegations are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 36, and on that basis denies them.

37. Ms. Heinen denies the allegations directed to her in Paragraph 37 of the Complaint. The remaining allegations are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 37, and on that basis denies them.

38. Ms. Heinen admits that on December 17, 2001, she sent an email to the Chairman of Apple's Compensation Committee, Art Levinson. The language of that email is misquoted in Paragraph 38, and the passage is quoted selectively and out of

context. Except as expressly admitted, Ms. Heinen denies the remaining allegations directed to her in Paragraph 38 of the Complaint.

39. Ms. Heinen denies the allegations directed to her in Paragraph 39 of the Complaint. The remaining allegations in Paragraph 39 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 39 of the Complaint, and on that basis denies them.

40. Ms. Heinen denies the allegations directed to her in Paragraph 40 of the Complaint. The remaining allegations in Paragraph 40 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 40 of the Complaint, and on that basis denies them.

41. Ms. Heinen denies the allegations directed to her in Paragraph 41 of the Complaint. To the extent that allegations in Paragraph 41 purport to paraphrase the content of minutes, Ms. Heinen refers Plaintiff and the Court to these documents for their contents. To the extent the remaining allegations in Paragraph 41 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 41, and on that basis denies them.

42. Ms. Heinen denies the allegations in Paragraph 42 of the Complaint.

43. Ms. Heinen denies the allegations in Paragraph 43 of the Complaint.

44. Ms. Heinen denies the allegations in Paragraph 44 of the Complaint.

45. Ms. Heinen denies the allegations directed to her in Paragraph 45 of the Complaint. To the extent the remaining allegations in Paragraph 45 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a

response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 45, and on that basis denies them.

46. Ms. Heinen denies the allegations directed to her in Paragraph 46 of the Complaint. To the extent that the remaining allegations are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 46, and on that basis denies them.

47. Ms. Heinen denies the allegations directed to her in Paragraph 47 of the Complaint. To the extent that allegations in Paragraph 47 purport to quote from Apple's proxy statements, Ms. Heinen refers Plaintiff and the Court to these documents for their contents. The remaining allegations in Paragraph 47 are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 47 of the Complaint, and on that basis denies them.

48. Ms. Heinen denies the allegations directed to her in Paragraph 48 of the Complaint. To the extent that the remaining allegations are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of these remaining allegations in Paragraph 48 of the Complaint, and on that basis denies them.

49. The allegations contained in Paragraph 49 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 49 of the Complaint, and on that basis denies them. To the extent the allegations in Paragraph 49 purport to describe financial statements filed with the Securities and Exchange

Commission, Ms. Heinen refers Plaintiff and the Court to the documents for their contents.

50. The allegations contained in Paragraph 50 of the Complaint are directed to parties other than Ms. Heinen and, thus, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in Paragraph 50 of the Complaint, and on that basis denies them.

FIRST CLAIM FOR RELIEF

(*Violations of Section 10(b) of the Exchange Act and Rule 10b-5*)

51. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

52. Paragraph 52 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 52 of the Complaint.

53. Paragraph 53 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 53 of the Complaint.

SECOND CLAIM FOR RELIEF

(*Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5*)

54. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

55. Paragraph 55 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 55 of the Complaint.

56. Paragraph 56 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 56 of the Complaint.

57. Paragraph 57 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 57 of the Complaint.

THIRD CLAIM FOR RELIEF

(*Violations of Section 17(a)(1) of the Securities Act*)

58. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

59. Paragraph 59 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 59 of the Complaint.

60. Paragraph 60 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 60 of the Complaint.

FOURTH CLAIM FOR RELIEF

(*Violations of Section 17(a)(2) and (3) of the Securities Act*)

61. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

62. Paragraph 62 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 62. To the extent that the allegations contained in Paragraph 62 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 62, and on that basis denies them.

63. Paragraph 63 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 63. To the extent that the allegations contained in Paragraph 63 are directed to parties other than Ms. Heinen, no response by

Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 63, and on that basis denies them.

FIFTH CLAIM FOR RELIEF

(*False Statements and Omissions to Accountants and Auditors−*
Violation of Rule 13b2-2)

64. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

65. Paragraph 65 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 65. To the extent that the allegations contained in Paragraph 65 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 65, and on that basis denies them.

66. Paragraph 66 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 66. To the extent that the allegations contained in Paragraph 66 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 66, and on that basis denies them.

SIXTH CLAIM FOR RELIEF

(*False Periodic Reports−Aiding and Abetting Violations of Section 13(a)*
of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 Thereunder)

67. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

68. Paragraph 68 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 68. To the extent that the allegations contained in Paragraph 68 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 68, and on that basis denies them.

69. Paragraph 69 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 69. To the extent that the allegations contained in Paragraph 69 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 69, and on that basis denies them.

70. Paragraph 70 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 70. To the extent that the allegations contained in Paragraph 70 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 70, and on that basis denies them.

SEVENTH CLAIM FOR RELIEF

(*Inaccurate Books and Records−Aiding and Abetting Violations of Section 13(b)(2)(A) of the Exchange Act*)

71. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

72. Paragraph 72 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies

the allegations directed to her in Paragraph 72. To the extent that the allegations contained in Paragraph 72 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 72, and on that basis denies them.

73. Paragraph 73 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 73. To the extent that the allegations contained in Paragraph 73 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 73, and on that basis denies them.

74. Paragraph 74 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 74. To the extent that the allegations contained in Paragraph 74 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 74, and on that basis denies them.

EIGHTH CLAIM FOR RELIEF

(*Inadequate Internal Accounting Controls−Aiding and Abetting Violations of Section 13(b)(2)(B) of the Exchange Act*)

75. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

76. Paragraph 76 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 76. To the extent that the allegations contained in Paragraph 76 are directed to parties other than Ms. Heinen, no response by

Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 76, and on that basis denies them.

77. Paragraph 77 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 77. To the extent that the allegations contained in Paragraph 77 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 77, and on that basis denies them.

78. Paragraph 78 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 78. To the extent that the allegations contained in Paragraph 78 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 78, and on that basis denies them.

NINTH CLAIM FOR RELIEF

(*Falsifying Books and Records or Circumventing Internal Accounting Controls − Violation of Section 13(b)(5) of the Exchange Act*)

79. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

80. Paragraph 80 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 80 of the Complaint.

81. Paragraph 81 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 81 of the Complaint.

TENTH CLAIM FOR RELIEF

(*Falsifying Books and Records−Violation of Rule 13b2-1 of the Exchange Act*)

82. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

83. Paragraph 83 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 83 of the Complaint.

84. Paragraph 84 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations contained in Paragraph 84 of the Complaint.

ELEVENTH CLAIM FOR RELIEF

(*False Proxy Statements−Aiding and Abetting Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Thereunder*)

85. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

86. Paragraph 86 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 86. To the extent that the allegations contained in Paragraph 86 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 86, and on that basis denies them.

87. Paragraph 87 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 87. To the extent that the allegations contained in Paragraph 87 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks

sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 87, and on that basis denies them.

88. Paragraph 88 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 88. To the extent that the allegations contained in Paragraph 88 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 88, and on that basis denies them.

TWELFTH CLAIM FOR RELIEF

(*Beneficial Ownership Reporting − Violations of Section 16(a) of the Exchange Act and Rule 16a-3 Thereunder*)

89. Ms. Heinen incorporates her responses to paragraphs 1 through 50 as though fully set forth herein.

90. Paragraph 90 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 90. To the extent that the allegations contained in Paragraph 90 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 90, and on that basis denies them.

91. Paragraph 91 of the Complaint states legal conclusions as to which no response is required. To the extent a response is deemed necessary, Ms. Heinen denies the allegations directed to her in Paragraph 91. To the extent that the allegations contained in Paragraph 91 are directed to parties other than Ms. Heinen, no response by Ms. Heinen is required. To the extent a response is deemed necessary, Ms. Heinen lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations of Paragraph 91, and on that basis denies them.

PLAINTIFF'S PRAYER FOR RELIEF

Ms. Heinen denies that Plaintiff is entitled to any relief whatsoever in connection with the allegations set forth in the Complaint. To the extent Plaintiff's prayer for relief states legal conclusions, no response is required.

AFFIRMATIVE DEFENSES

Ms. Heinen alleges the following affirmative defenses to the allegations set forth in the Complaint:

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim)

The Complaint, and each of its purported claims, fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

(Lack of Scienter)

Ms. Heinen asserts that she is not liable for Plaintiff's claims because she did not know, and could not have known with the exercise of reasonable care, the untruth of any alleged misrepresentation or the fact of any material omission. Any alleged conduct in this case by Ms. Heinen was without scienter.

THIRD AFFIRMATIVE DEFENSE

(Lack of Materiality)

None of the conduct alleged in the Complaint was material to the investment decisions of reasonable investors.

FOURTH AFFIRMATIVE DEFENSE

(Lack of Materiality as to Financial Statements)

None of the conduct alleged in the Complaint had a material effect on the financial statements of the Company.

FIFTH AFFIRMATIVE DEFENSE

(Reliance on Finance Department and Auditors)

Ms. Heinen is not liable for Plaintiff's claims because she relied in good faith upon the professional judgments of Apple's finance department, as well as its inside and outside auditors, at the time of the alleged acts concerning matters which she reasonably believed to be within such persons' professional or expert competence.

SIXTH AFFIRMATIVE DEFENSE

(Reliance on Other Legal Professionals)

Ms. Heinen is not liable for Plaintiff's claims because she relied in good faith upon the professional judgments of Apple's other legal professionals at the time of the alleged acts (including, but not limited to, members of Apple's internal legal staff as well as outside lawyers retained by Apple) as to matters which she reasonably believed to be within such persons' professional or expert competence.

SEVENTH AFFIRMATIVE DEFENSE

(Good Faith)

The claims alleged in the Complaint cannot be maintained, in whole or in part, because Ms. Heinen at all times acted in good faith and with good cause.

EIGHTH AFFIRMATIVE DEFENSE

(Failure to Plead Fraud with Particularity)

The claims alleged in the Complaint cannot be maintained, in whole or in part, because Plaintiff failed to plead the underlying facts with sufficient particularity.

NINTH AFFIRMATIVE DEFENSE

(Statute of Limitations)

The claims alleged in the Complaint are barred, in whole or in part, by the applicable statutes of limitation.

TENTH AFFIRMATIVE DEFENSE

(Injunctive Relief Not Warranted)

Plaintiff's claim for injunctive relief is barred because there has been no violation of the Securities Act or the Exchange Act, and because there is no reasonable likelihood that any violation will be repeated. Plaintiff's injunctive relief claim is further barred because the adverse effects of an injunction far outweigh any benefit from an injunction.

ELEVENTH AFFIRMATIVE DEFENSE

(Penalties Not Warranted)

Plaintiff's claim for penalties is barred because any alleged violation was isolated and/or unintentional.

By alleging the matters set forth in these defenses, Ms. Heinen does not suggest, admit, or concede that she has the burden of proof or burden of persuasion as to any of these matters. Ms. Heinen presently lacks sufficient knowledge or information on which to form a belief as to whether she may have additional affirmative defenses available. For this reason, Ms. Heinen reserves her right to assert additional affirmative defenses and other defenses in the event that discovery indicates that they would be appropriate.

JURY DEMAND

Ms. Heinen hereby requests a trial by jury on all aspects of this case so triable.

WHEREFORE, Ms. Heinen, having fully answered the Complaint, prays that the Court:

1. Dismiss the Complaint with prejudice.

2. Enter judgment in favor of Ms. Heinen and an Order that Plaintiff shall recover nothing.

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3. Award Ms. Heinen the costs incurred to defend this action, including reasonable attorneys' fees.

DATED: May 31, 2007

RAMSEY & EHRLICH LLP

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Miles Ehrlich
Ismail Ramsey

Attorneys for Defendant Nancy R. Heinen